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CURRENT SERIAL RECORDS

RURAL AREAS
DEVELOPMENT

NEWSLETTER

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LAWS WITH HELP IN THEM!

CURRENT SERIAL RECORDS

Vital tools to rebuild a better planned, better housed rural as well as urban America and a land of greater and more evenly distributed opportunity have been provided by Congress and the President in two new laws: the Housing and Urban Development Act of 1968 and the Farmers Home Administration Amendments Act of 1968.

This issue of the RAD Newsletter was designed specifically to highlight important aspects of these two new legislative enactments.

NEW AIDS FOR MULTI-JURISDICTIONAL RURAL COMMUNITY DISTRICT PLANNING AND DEVELOPMENT

Communities are tied together by common economic, social and geographic interests that tend increasingly to ignore the restrictions of time and space. Yet multi-county rural community districts have lacked the funds to implement planning and development activities on a joint multi-county basis.

Passage of the Housing and Urban Development Act of 1968 will give multi-county development districts in town and country America much-needed financial, educational and technical assistance with their planning and development.

Now eligible for grants of up to two-thirds and in some cases, up to 85 percent, of the cost of comprehensive planning and development are "nonmetropolitan districts," defined as:

"...all or part of the jurisdiction of (a) one or more counties, and (b) one or more other units of general local government, but (not including) any portion of a metropolitan area."

Many such districts are already hard at work. This legislation should give them a lift.

Districts eligible for assistance, designated by State governors and otherwise approved by the Department of Housing and Urban Development in consultation with the Department of Agriculture, are of three types: economic development, districts designated by the Secretary of Commerce, and local

development districts under the Appalachian Regional Development Act. It is explicit that assistance to all these types will be operated as a single non-overlapping program.

The Secretary of Agriculture is authorized to provide educational and other technical assistance in connection with the establishment of such districts and the carrying out of resultant planning and development activity. Such assistance will be made available through Extension Service and TAPs under the leadership of Farmers Home Administration.

Another change in the 701 law is the broadening of the statement of purpose to include reference to the planning problems resulting from outmigration from, and lack of coordinated development of, resources and services in rural areas, to include planning for the provision of governmental services and to require that human as well as natural resources be considered in the planning effort.

RURAL HOUSING GAPS WILL BE FILLED

The Housing and Urban Development Act of 1968 also reaffirms the goal of the Housing Act of 1949 of "a decent home and suitable living environment for every American family." The immediate goal of the current program is six million federally assisted housing starts and rehabilitations between fiscal years 1969 and 1978. Rural areas and small cities are the targets for half of these. Upwards of 300,000 starts and rehabilitations is the goal for this fiscal year for the combination of rural and urban America.

Under the new bill the ownership of a modest home will be within the reach of families with quite low incomes through an interest supplement payment plan. By this means, the net interest charge to the borrower may be as low as one percent per year.

The Farmers Home Administration, through its network of county offices will act as agent for the Federal Housing Administration in making interest supplement loans.

Each interest supplement loan in rural areas will be made by the Farmers Home Administration under the Federal Housing Administration authority, if possible. Otherwise, a similar authority provided directly to the Farmers Home Administration by the Act will be utilized.

RURAL COOPERATIVE AND RENTAL HOUSING

Interest supplement payments also will be made on loans to develop nonprofit rental and cooperative housing for low-income rural people. The monthly rental or occupancy charge will reflect the occupants' ability to pay. Families will be required to pay at least the basic rent or occupancy charge based on the construction loan being amortized at one percent.

The Act, for the first time, authorizes grants to public bodies and private nonprofit groups to organize and supply technical guidance to self-help housing projects. Loans are also authorized to public or private nonprofit organizations to buy and develop land for resale as building sites for self-help families.

RURAL HOUSING LOANS FOR THOSE WHO MOVE TO THE COUNTRY

The new Act will facilitate a back-to-the-country movement by city dwellers who work in rural areas. No longer will they be required to own rural homesites in order to be eligible for Farmers Home Administration rural housing loans. They now will also be able to buy an existing home in a rural area.

The Act also eliminates the provision that any tenant admitted to a Farmers Home-financed rental unit, or any new member of a rural housing co-op, must already be a rural resident. In the future, low-income city dwellers who work in rural localities may move directly from the city into Farmers Home-financed rental or co-op units.

TRAINEE HOUSING LOANS AND GRANTS

Loans, interest-free loans and nonrepayable loans are authorized to provide housing in the countryside for rural people in job training programs.

One of the major problems involved in helping displaced farm workers and other rural families to qualify for a decent job is the lack of adequate training. In the past, most training facilities have been located in urban centers. The new legislation will encourage the establishment of training centers in rural areas.

FARM LABOR HOUSING PROGRAM IMPROVED

Another contribution to meeting low-income housing needs will be the new loans available for purchasing sites for farm labor housing.

MORE FUEL FOR RURAL DEVELOPMENT

The authority of the Farmers Home Administration to assist in rural areas development was broadened considerably by the passage of Public Law 90-488. Notably, this legislation will:

* Authorize the use of farm ownership and operating loans for the development of nonfarm enterprises on farms, thus providing an additional source of income for small and part-time farmers.

* Remove the \$450 million annual ceiling on insured loans for farm ownership, soil and water conservation, the development of rural community water and sewer systems, and for grazing and recreation areas.

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* Authorize, in addition to the above action, the substantial expansion of the water and sewer loan program by doubling grant authority to \$15 million.

* Authorize recreation loans to a farmer who wants to turn his whole farm into a recreation area. It will no longer be required that a farmer who gets a loan to start a recreation enterprise must continue to farm part of his land.

A GREEN LIGHT FOR NEW TOWNS

Title IV of the new housing law offers Federal support to private developers of new communities -- balanced, largely self-sufficient communities of new homes, stores, industries, cultural and recreational facilities containing substantial numbers of low and medium income homes.

Primarily, this provision is aimed at whole new towns -- not to be confused with large subdivision developments -- being built from the ground up. But existing villages, towns and small cities (revitalized old towns) in nonmetropolitan America, as well as developers of entirely new towns in the open countryside, are eligible for consideration.

A Federal guarantee to back up long-term obligations of developers is expected to attract private financing for large-scale land development.

The program does not make loans. The Secretary of the Department of Housing and Urban Development is authorized to guarantee the bonds, debentures, notes, and other obligations issued on the bond market by developers to help finance land acquisition and land development costs.

* * *

TECHNICAL ACTION PANELS (which include representatives of agencies of the U.S. Department of Agriculture and of other Federal and State agencies and private organizations whose programs benefit rural people) are on TAP to help rural communities gain access to all provisions of the new housing legislation and pre-existing programs -- including the receipt and processing of applications for guaranteed loans and other services under the "New Towns" program -- that can be adapted for use.